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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



**DARLENE GREEN**  
Comptroller

***Internal Audit Section***

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Internal Audit Executive

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(314) 622-4723  
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December 8, 2008

Melissa Bode, Vice President, Development  
Big Brothers Big Sisters of Eastern Missouri  
4625 Lindell Boulevard  
St. Louis, MO 63108

RE: Fiscal Monitoring Review of Big Brothers Big Sisters of Eastern Missouri,  
Community Development Block Grant (CDBG), Contract #07-11-94, CFDA #14.218  
(Project #2008-CDA25)

Dear Ms. Bode:

Enclosed is a report of our fiscal monitoring review of Big Brothers Big Sisters of Eastern Missouri, a not for profit organization, CDBG – Urban Expansion Project, for the period January 1, 2007 through December 31, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Big Brothers Big Sisters. Our fieldwork was completed on February 8, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact Internal Audit Section at (314) 622-4723.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA  
Lorna Alexander, Special Assistant for Development, CDA



# CITY OF ST. LOUIS

***COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)***

***BIG BROTHERS BIG SISTERS OF EASTERN MISSOURI  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)***

***URBAN EXPANSION PROJECT***

***CONTRACT #07-11-94***

***CFDA #14.218***

***FISCAL MONITORING REVIEW***

***JANUARY 1, 2007 THROUGH DECEMBER 31, 2007***

***PROJECT #2008-CDA25***

***DATE ISSUED: DECEMBER 8, 2008***

***Prepared by:  
Internal Audit Section***



# OFFICE OF THE COMPTROLLER

***HONORABLE DARLENE GREEN, COMPTROLLER***

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
BIG BROTHERS AND BIG SISTERS OF EASTERN MISSOURI  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
FISCAL MONITORING REVIEW  
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007**

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**INTRODUCTION**

**Background**

**Contract Name:** Urban Expansion Project

**Contract Number:** 07-11-94

**CFDA Number:** 14.218

**Contract Periods:** January 1, 2007 through December 31, 2007

**Contract Amount:** \$90,000

The contract provided Community Development Block Grant (CDBG) funds for matching children with mentors and recruiting African-American mentor volunteers. Big Brothers Big Sisters' (Agency) mission is to help children reach their potential through professionally supported and one-to-one relationships with mentors. The Agency provides youth services for developing positive relationships that have a direct, measurable and lasting impact on the lives of young people, ages 6 through 18 years old.

**Purpose**

The purpose of the review was to determine the Agency's compliance with federal (including OMB A-133), state and local CDBG requirements for the period January 1, 2007 through December 31, 2007 and make recommendations for improvements as necessary.

**Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grant administered by Community Development Agency (CDA), evidence tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. The fieldwork was completed on February 8, 2008.

**Exit Conference**

The Agency was offered an exit conference on November 26, 2008, along with the draft report. The Agency declined.

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**INTRODUCTION**

**Management Responses**

The management's responses to the observations and recommendations noted in the report were received from the Agency on December 5, 2008. These responses have been incorporated into this report

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**CONCLUSION AND SUMMARY OF OBSERVATIONS**

**Conclusion**

The Agency did not fully comply with federal (including OMB Circular A-133), state and local CDBG requirements.

**Status of Prior Observations**

This was the first fiscal monitoring review of the Agency; therefore, there were no prior findings.

**A-133 Status**

The Agency did not expend \$500,000 or more in federal funds for calendar year ended December 31, 2007; therefore, it was not required to have a single audit in accordance with OMB Circular A-133.

**Summary of Current Observations**

Recommendations were made for the following observations, which if implemented, could assist the Agency in fully complying with federal (including OMB Circular A-133), state and local CDBG requirements.

1. Opportunity to improve adequacy of accounting records
2. Opportunity to have two duly authorized signatures on disbursement checks

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**DETAILED OBSERVATIONS, RECOMMENDATIONS  
AND MANAGEMENT'S RESPONSES**

**1. Opportunity to Improve Adequacy of Accounting Records**

Sound internal control practices require businesses to maintain adequate accounting records. In addition, CDA Fiscal Procedures Manual states, "Each operating agency is required to have accounting records that adequately identify the source and use of CDBG funds. In addition, each organization must maintain a separate set of books for each CDBG funded project it has a contract to operate... Those agencies that use commercial software packages and operate several projects are exempt from this requirement if they use a coding scheme or separate set of account numbers to clearly distinguish all transactions and accounts that relate to the CDBG project."

The Agency's accounting records did not identify its funding sources separately. The Agency listed all funds in the category "Government Grants" on its balance sheet and income statements.

The Agency did not comply with the CDA fiscal procedures. Funds may be misappropriated or misused if they are not identified and recoded separately.

**Recommendation**

It is recommended that:

1. The Agency complies with CDA fiscal procedures and maintains adequate accounting records that identify funding sources separately at the federal, state and local levels.
2. The Agency's board of directors periodically review the Agency's accounting records and financial information to ensure their adequacy.

**Management's Response**

*While we do not totally concur with the observation, the organization is redesigning its accounting system to capture revenue and expense in more detail. These changes are being implemented with 2009.*

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**2. Opportunity to have Two Duly Authorized Signatures on Disbursement Checks**

The CDA Fiscal Procedures Manual requires internal controls “to ensure that resources are used for authorized purposes and protected against waste, mismanagement or loss.” In addition, CDA procedures state, “disbursement checks shall be pre-numbered and signed by the chief executive officer and the financial officer or any two duly authorized officers.”

Only one authorized individual signed the Agency’s disbursement checks under \$2000.

The Agency did not in comply with the CDA Fiscal Procedures Manual’s requirements.

Funds may be misappropriated or used for unauthorized purposes when CDA’s requirements for two signatures on all CDA funded disbursement checks are not followed. In addition, the Agency’s reimbursement requests may be suspended because of its non-compliance with its contractual agreement with CDA.

**Recommendation**

It is recommended the Agency comply with CDA requirements and have all its CDA funded disbursement checks signed by the chief executive officer and the financial officer or any two duly authorized officers. This will improve internal controls over check writing and minimize delays in processing the agency’s reimbursement requests.

**Management’s Response**

*While it is true that we don’t require every check to have two signatures, we do not concur that all checks require two signatures. The organization will not be changing its current check signing practice. This organization has fiscal policies that have been reviewed and approved by the organization’s Finance Committee, Executive Committee and Board of Directors and reviewed by our independent accounting firm. Our audits have always had unqualified opinions, with no internal control weaknesses. Requiring this organization to have all checks signed by two officers is an unnecessary burden on the organization. The federal government, through it’s*



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**DETAILED OBSERVATIONS, RECOMMENDATIONS  
AND MANAGEMENT'S RESPONSES**

**2. Continued**

*A-133 audit standards, doesn't [sic] require this level of check signing. Their only requirement is that the independent audit firm is satisfied with the organization's internal controls.*

**Auditor's Comment**

Part 2.2 of the "Internal Control" Section of the CDA Operating Agency Fiscal Procedures Manual requires two individuals sign all checks. The Agency may obtain a waiver from CDA in writing.